

Message Text

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17

ACTION EUR-25

INFO OCT-01 ISO-00 OMB-01 TRSE-00 IO-14 EB-11 COME-00

INT-08 SCI-06 FEA-02 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 DRC-01 /131 W

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R 211832Z JAN 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6237

INFO USEC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

USNATO 3464

USIA WASHDC

UNCLAS PARIS 1751

E.O. 11652: N/A

TAGS: PFOR, EFIN, FR

SUBJECT: FLOATING FRANC AND FRENCH PRESS

SUMMARY: PARIS PRESS JUDGMENTS OF FRENCH DECISION TO FLOAT
FRANC ARE REFLECTED IN MONDAY'S HEADLINES: "AGONIZING REAPPRAISAL --
CONFESSION OF DEFEAT " (LEFT-OF-CENTER COMBAT); "AN OPERATION OF
NATIONAL DEFENSE " (GAULLIST PARTY'S LA NATION); "FRANC IS FLOATING
-- LET'S HOPE IT DOES NOT SINK" (PRO-GOVERNMENT PARISIEN LIBERE);
"REGRETTABLE BUT INEVITABLE" (MODERATE FIGARO). RIGHTIST AURORE
AND COMMUNIST HUMANITE SAW A "DE FACTO" OR "DISGUISED" DEVALU-
ATION, AND LES ECHOS DISMISSED EUROPE AS "NOTHING ANY LONGER
BUT AN ASSOCIATION OF NINE SELFISHNESSES TEMPERED BY
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DECLARATIONS OF GOOD INTENT".

END SUMMARY.

1. EFFECT OF FRANC'S FLOAT ON COMMON MARKET WAS KEY CONCERN OF SEVERAL COMMENTATORS. IN FRANCE SOIR, FOR EXAMPLE, GABRIEL FARKAS WROTE THAT DECISION TO FLOAT IS MOST IMPORTANT FRENCH MONETARY DECISION SINCE 1958. THE GOVERNMENT, HE SAID, HAS "UPSET EUROPEAN CONSTRUCTION" AND "CHANGED THE GIVEN ELEMENTS OF OUR ECONOMIC POLICY". HOWEVER LOGICAL POLITICALLY, FARKAS THOUGHT DECISION IS LIKELY TO BE "FATAL" TO EEC.

2. COMBAT TOOK THE SAME VIEW. CONSEQUENCES IN MONETARY AND ECONOMIC DOMAIN DID NOT APPEAR TO BE SERIOUS, IT THOUGHT -- SINCE "OTHER COUNTRIES ARE QUITE PLEASED WITH FLOTATION". BUT EFFECT WOULD BE SERIOUS FOR "THE IDEAS WE HAVE CLAIMED TO BE APPLYING, AND WHICH WE ARE NOW GIVING UP, DELIBERATELY AND BLUNTLY. OUR CONCEPT OF EUROPE, ALREADY SO LITTLE EUROPE-MINDED, IS BEING REPLACED WITH A MOVE THAT BREAKS EUROPE UP. OUR ALIGNMENT WITH AMERICAN MONETARY THEORIES WEAKENS A DIPLOMACY UNTIL NOW BASED ON A CONCERN FOR INDEPENDENCE."

3. ALONG THESE LINES, HUMANITE'S REACTION WAS CLOSE TO THAT OF COMBAT: "THIS CONFIRMS THE FAILURE OF THE SO-CALLED POLICY OF INDEPENDENCE FROM THE UNITED STATES. THIS RALLYING TO THE AMERICAN POSITION REPRESENTS A NEW SURRENDER TO DOLLAR DOMINATION."

4. IN AURORE, ROLAND FAURE DECLARED THAT FOR GOF NOW TO EMBRACE "A DOCTRINE IT HAS ALWAYS FOUGHT AGAINST " SEEMS TO BE "THE END OF FIFTEEN YEARS OF GAULLISM". OF COURSE, HE ADDED, FRANCE HAD NO CHOICE -- "THE DUTY OF THE GOVERNMENT IS TO DEFEND EMPLOYMENT AND THE CURRENCY" -- AND THE INFLATIONIST CONSEQUENCES OF ENERGY CRISIS "SEEMED TO BE THE DECISIVE ELEMENTS IN AN IRREVERSIBLE DEVELOPMENT". BUT, CONTINUED FAURE: "WHAT STANDS OUT CLEARLY IS THE ILL-DESTINED INFLUENCE OF POLICY BASED ON THE HONORABLE PRINCIPLE OF NATIONAL INDEPENDENCE, BUT WHICH... IGNORED ITS PARTNERS." FAURE "WOULD LIKE TO BELIEVE " FLOAT WILL LAST ONLY SIX MONTHS, "BUT LIKE MOST EUROPEANS, WE FEAR THAT IN FLOATING THE FRANC, EUROPE WILL BE SUNK."

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5. LE MONDE EDITORIAL JANUARY 22 ACKNOWLEDGES THAT GOF'S PRIME MISSION IS TO DEFEND ITS INTERESTS, AND NOTES THAT OTHER GOVERNMENTS, IN SAME OR SIMILAR CIRCUMSTANCES, HAVE DONE LIKEWISE. WHAT TODAY DIMINISHES FRENCH PRESTIGE, SAID LE MONDE, IS NOT SO MUCH THE FACT OF HAVING HAD TO FACE UP TO "EXCEPTIONAL CIRCUMSTANCES" AS HAS HAPPENED TO "MANY OTHERS "; RATHER, IT IS "NOT HAVING SEEN THE CONSEQUENCES AT HOME OF ACTIONS FRANCE WAS

DEFENDING ABROAD". THUS, WHILE BONN DID NOT BELIEVE "THAT INDUSTRIAL PROSPERITY COULD BE GUARANTEED BY SO ARTIFICIAL A MEANS AS DEPRECIATION OF THE CURRENCY", SAID LE MONDE GISCARD -- WHO ALLOWED FRANC TO DROP BY MORE THAN 30 PER CENT AGAINST THE MARK SINCE 1969 -- SEEMS TO BE OF THE OPPOSITE OPINION. "EXCHANGE MARKET OPERATORS DREW THEIR CONCLUSIONS FROM THIS", PAPER SAID, "AND SPECULATE AGAINST THE FRANC." LE MONDE THOUGHT FRANC FLOAT DECISION COMPARES TO FRENCH "NATIONALISM" IN OIL DOMAIN, WITH GISCARD SEEKING FREE HAND IN BREAKING TIES WITH "SNAKE" CURRENCIES IN SAME WAY THAT JOBERT PREFERS BILATERAL DEALS WITH OIL PRODUCER COUNTRIES TO COMMON POLICY WITH OTHER OIL CONSUMERS. THE NEWSPAPER WONDERED WHETHER THESE ATTITUDES ARE NOT BASED ON A "PARTICULARLY PESSIMISTIC" ANALYSIS OF INTERNATIONAL SITUATION THAT VIEWS ALL CONCERTED EFFORTS AS "CONDEMNED TO FAILURE" BY "GRAVITY OF THE COMING CRISIS".STONE

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